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# Cote d'Ivoire

# Cotton and Products Annual

# Cotton Sector Projected to Set Production Records

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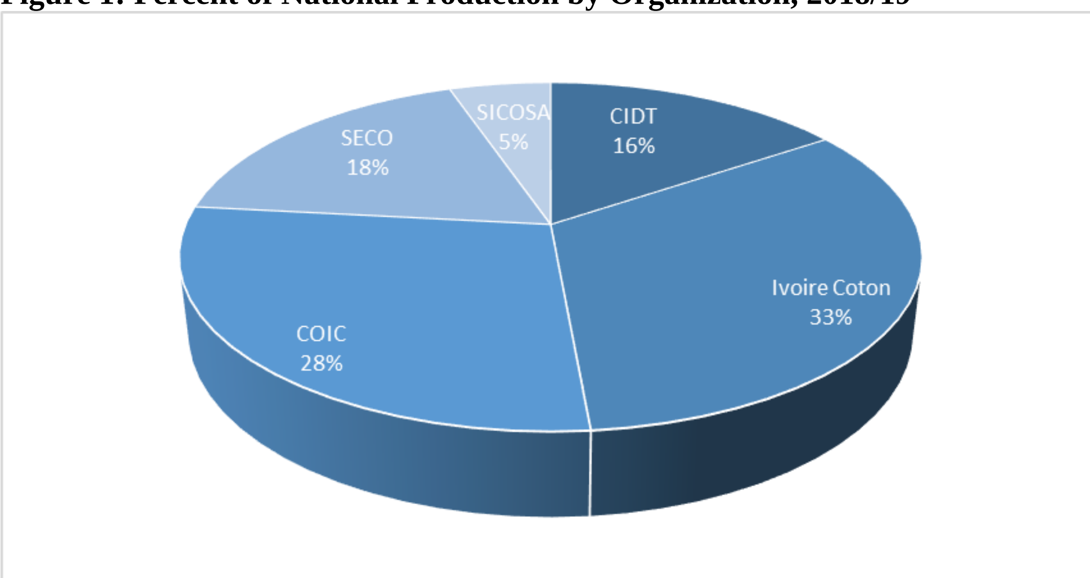
**Report Highlights:**
Post forecasts market year (MY) 2019/20 cotton fiber production at a record 925,000 bales (480 lb.). The MY 2018/19 production estimate is raised to 875,000 bales, nearing the previous record of 900,000 bales achieved in 2014/15. Post's MY 2019/20 export projection also represents a record at 875,000 bales, owing to record supply and exports from the MY 2018/19 crop carrying into the next campaign. The Government of Côte d'Ivoire (GOCI) set ambitious production targets that would translate to over 1.0 million bales of fiber production by MY 2020/21. Despite intentions to increase local value addition, annual consumption remains low at 60,000 bales.

**Production:**
Post projects MY 2019/20 cotton fiber production at 925,000 bales (480 lb.), assuming normal conditions and based on continued support and investment in the sector by both public and private actors. Provided the GOCI continues a support-pricing scheme for producers as well as guidelines for input prices, which the industry credits for creating certainty for both growers and ginners, Post's projection reflects expectations of steady growth.

For MY 2018/19, Post also raises its cotton fiber production estimate to 875,000 bales based on the most recent official statistics. The current campaign's crop increased an estimated 9 percent from the year prior. The total number of producers, estimated at over one hundred thousand, rose to its highest level since 2015/16 (see Table 1), bringing with it moderate area increases. Most recent official statistics estimate an expected 455,000 metric tons (MT) of seed cotton production in 2018/19, translating to approximately 190,000 MT of fiber cotton, or nearly 875,000 bales.

Currently, a half dozen organizations control the country's cotton production, purchasing, and transformation. These include *Compagnie Ivoirienne pour le Développement du Textile* (CIDT), *Ivoire Coton*, *Compagnie Ivoirienne de Coton* (COIC), *Société d'Exploitation Cotonnière* (SECO-OLAM), *Société Industrielle Cotonnière des Savanes* (SICOSA), and Global Cotton. Current estimates show *Ivoire Coton* and COIC controlling the largest share of national production at approximately 61 percent.

**Figure 1: Percent of National Production by Organization, 2018/19**




Source: Interprofession du Coton (InterCoton)

Pockets of pest problems (bollworm, fall armyworm) and rain just before harvest raised concern among officials. However, the current year crop appears slightly above average according to industry sources, with some observing that the crop quality appears equal to that of the 2017/18 campaign. The Cotton Cashew Council (CCA), the country's regulatory body for the sector, reports that 55% of the crop is rated as higher quality, which is not far behind figures for the 2017/18 crop, and well above the 39.7% average over the last four seasons.

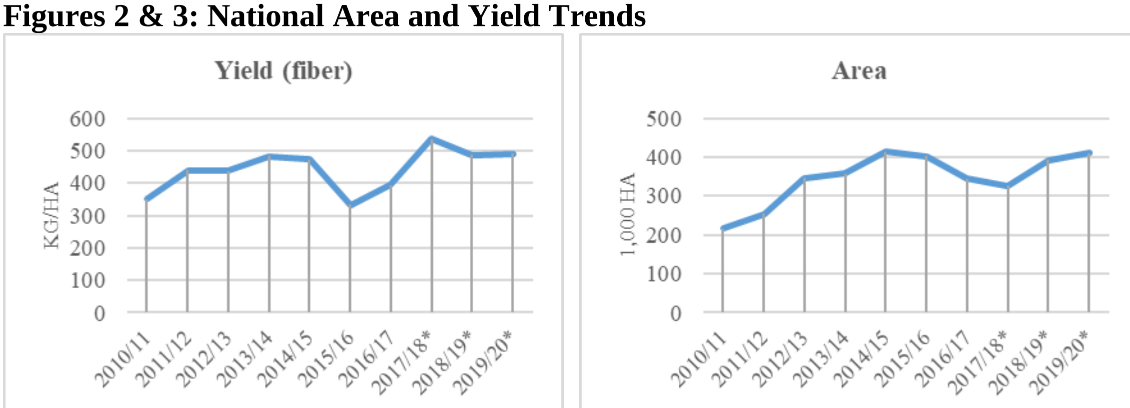
The primary challenges for producers include a lack of mechanization and scarcity of labor, persistence of various pests, and growing unpredictability of weather patterns. While production trends upwards, shifting weather patterns also concern policymakers. In addition to an increasing occurrence of rain during harvest season, the frequency of pockets of drought during the rainy season are also a challenge.

**Table 1: Approximate Number of Cotton Producers, Year-to-Year Comparison**

| Organization | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---|---|---|---|---|---|---|
| CIDT | *Info not available prior to 2016/17* | | | 11,059 | 14,553 | 16,278 |
| Ivoire Coton | | | | 34,620 | 30,040 | 37,925 |
| COIC | | | | 30,145 | 20,284 | 24,697 |
| SECO OLAM | | | | 16,806 | 16,841 | 17,901 |
| SICOSA | | | | 3,476 | 5,335 | 5,716 |
| Global Cotton | | | | 0 | 1,354 | 819 |
| **TOTAL** | **113,547** | **121,270** | **113,532** | **96,106** | **88,407** | **103,336** |

Source: InterCoton

**Figures 2 & 3: National Area and Yield Trends**




Source: USDA PSD; *Indicates Post estimates and projections, not USDA official

**Value Added Cotton:**

Cote d'Ivoire's textile industry, as in much of West Africa, struggles to compete with imported textiles and fabrics. Beyond small-scale artisanal activities, there are three major spinning and weaving operations in country, with the ability to produce fabric, yarn, denim, and upholstery fabric. These facilities are located in Agboville, Bouaké (Gonfreville), and Dimbokro. There are additional facilities in Bouaké and Abidjan that produce finished wax "pagne", or decorated fabric, run by Seritex and Uniwax.

Given abundant domestic supply, Post expects local value addition to rise slightly in 2018/19 and 2019/20 as the local textile industry finds increased opportunities to purchase. However, the broader market conditions that render the local industry uncompetitive will likely prevent a major uptick in local value addition in the near term.

**Domestic Consumption:**

Côte d'Ivoire exports the majority of its fiber production to overseas markets for further processing. In previous years, the local industry used approximately 10,000 MT of fiber cotton annually (approx. 45,000 480 lb. bales) to produce textiles and artisanal items. However, as mentioned in the previous section, Post estimates a slight rise in domestic consumption for both MY 2019/20 and the current campaign, to 60,000 bales annually.

The six previously mentioned companies currently operate fifteen functional cotton gins with an approximate installed capacity of 655,000 MT/year. The majority of the gins are located in the Savanes District, which encompasses the cities of Boundiali, Korhogo, and Ferkessédougou respectively. The remaining facilities are located more centrally in the districts of Woroba and Vallée du Bandama.

**Table 2: List of Domestic Ginning Facilities**

| Company | Facility | District | Approx. Capacity (tons/year) |
|---|---|---|---|
| CIDT | Bouaké | Vallée du Bandama | 130,000 |
| | Mankono | Woroba | |
| | Séguela | Woroba | |
| COIC | Korhogo (4) | Savanes | 200,000 |
| Global Cotton | Gonfreville | Vallée du Bandama | 25,000 |
| Ivoire Coton | Boundiali (2) | Savanes | 170,000 |
| | Dianra | Woroba | |
| | M’Bengue | Savanes | |
| SECO | Ferkessédougou | Savanes | 70,000 |
| | Ouangolodougou | Savanes | |
| SICOSA | Lataha | Savanes | 60,000 |
| | | **TOTAL:** | **655,000** |

Source: InterCoton, *Association Professionnelle des Sociétés Cotonnières de Côte d’Ivoire* (APROCOT-CI)

There were no known major upgrades to existing facilities or openings of new facilities during the current campaign. This includes all levels of ginning, spinning/weaving, and seed processing. In general, many processing facilities in Côte d’Ivoire are in need of significant updates. However, there is reported but unconfirmed foreign interest in investing in the country’s value added sectors, as well as plans by CIDT to renovate its ginning facilities.

**Marketing:**

Domestic production is classified into various marketing sales types by a national laboratory based in Bouaké, the *Centre de Classement de Coton en Côte d’Ivoire* (3C-CI). All domestic mills provide samples to this laboratory for classification and quality grading such as fiber length and “micronaire”, which is a measurement of the fiber’s fineness which can impact processing and dying processes. For the 2018/19 campaign to date, InterCoton reports 98 percent of production rated as “first choice”.

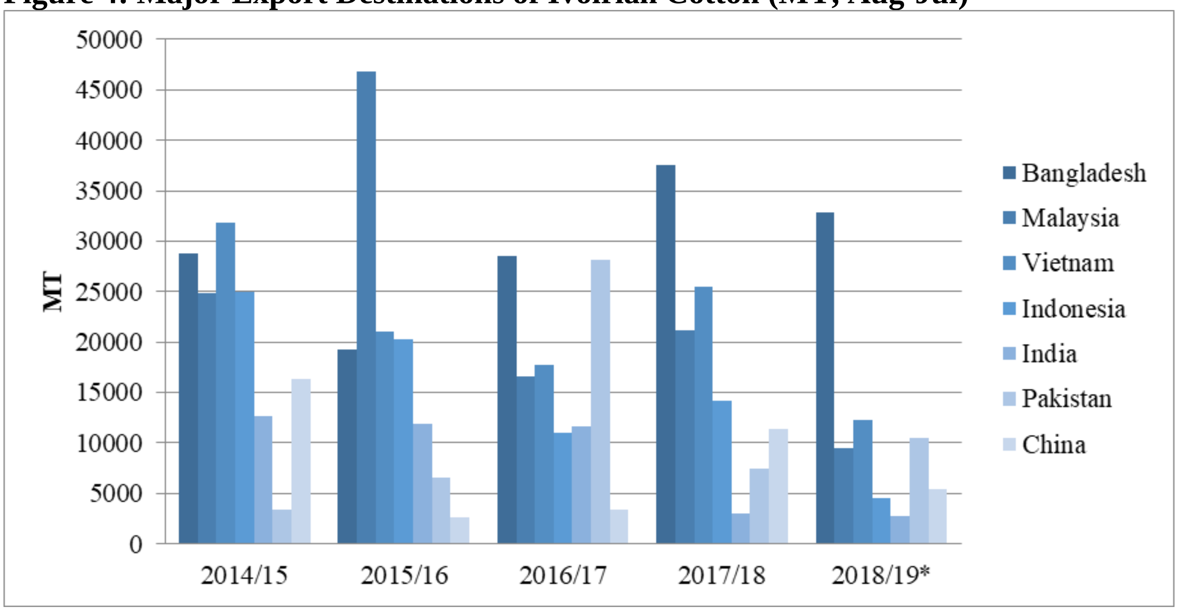
Côte d’Ivoire produces primarily medium-staple upland cotton, and about 5-6 different marketing types with differing traits and desirability on the market. The most common varieties are Manbo, Bema, and Miko, with first-quality Miko and Manbo considered as superior classes.  Other lower quality varieties include Bilo, Core, and Buka. Superior and intermediate quality cotton is most often used in fabrics and textiles, while the lower quality is directed towards the production of mats, cloths, and various industrial/commercial applications.

**Trade:**

Post forecasts 2019/20 cotton fiber exports at a record 875,000 bales. Assuming normal conditions, the country appears poised to solidify its status as one of Africa's major exporters behind only Mali, Benin, and Burkina Faso. MY 2018/19 cotton fiber exports are estimated at 750,000 bales, a twenty percent increase from the year prior based on the upswing in available supply and the anticipation of strong shipments to close the year.

Côte d'Ivoire's cotton gins export primarily to Asian markets for further processing, with some smaller quantities destined for the European Union and Turkey. Bangladesh, India, Indonesia, Malaysia, and Vietnam are the most constant export destinations, though China, Pakistan, and Thailand are also common destinations for Ivoirian cotton. In recent years, Bangladesh was the dominant purchaser of Ivoirian cotton, and Post expects that to continue through the current market year. While the quantity of Cote d'Ivoire's exports of fiber cotton were slightly above average through the first half of the market year, the country's exports will traditionally surge beginning in February/March. Post's 2018/19 export estimate reflects an expectation that shipments will gather pace over the next four to six months. Given the logistics and infrastructure limitations, not to mention the competition among export-oriented commodities for space at the ports, shipments are expected to remain strong into MY 2019/20.

**Figure 4: Major Export Destinations of Ivoirian Cotton (MY, Aug-Jul)**




Source: Global Trade Atlas
*YTD Exports (Aug-Mar)

The Port of Abidjan, one of the largest and busiest in the region, is the primary departure point for exported cotton. Presently, exporters prefer Abidjan given the port's central role in the importation of rice, fertilizer and many other goods for the region and thus the available shipping capacity. Côte d'Ivoire is strategically placed to handle a large volume of cotton exports from the Sahel, and the port area has specific warehousing allocated for non-Ivoirian cotton exports. However, the primary land route (especially between Korhogo and Bouaké) has deteriorated significantly in recent years. The country's second port, San Pedro, is positioned to handle a larger share of cotton from Mali as the land corridor receives increased investment. However, exact quantities of transshipped cotton are currently unclear. To date in 2018/19, available statistics show only *Ivoire Coton* ginning facilities along the corridor utilizing the San Pedro port.

The country's road and rail network are in need of major investments, but the transportation of the cotton crop from the country's North to the coastal ports is not usually problematic. At points during the season that overlap with the harvest and marketing of cashew, the availability of trucks may become an issue. In addition to transportation and infrastructure limitations, the growth in production and the expectation that Côte d'Ivoire will continue striving for productivity gains will be a test for the sector's capacity to process and export. While current record projections reflect the surge in supply, how rapidly that supply can be made exportable and funneled through the ports will be an interesting trend to observe during the close of the current market year and into the next campaign. Supply challenges in neighboring countries may alleviate these concerns in the short term.

**Stocks:**
As Côte d'Ivoire's cotton is almost exclusively exported, the country does not hold stocks in any coordinated fashion. Producers sell the crop immediately, as there is very little if any on-farm storage, and the harvest immediately enters processing and export channels. However, given the growing supply and an expectation that Côte d'Ivoire's exports may be prolonged into the next campaign, ending stocks are projected to grow to 290,000 bales in MY 2018/19, receding slightly to 280,000 bales in MY 2019/20.

**Prices:**
GOCI, through the CCA, leads market surveys each year in advance of the May/June planting season to establish farm gate prices for harvested cotton. The price for the 2018/19 campaign is 265 CFA francs ($0.45) for first choice cotton and 245 CFA ($0.42) for second choice. This is currently on the higher end of support prices in the region, surpassed only by Senegal (300 CFA). Benin currently maintains the same price as Côte d'Ivoire for first choice cotton, but a much lower price for second choice (215 CFA). Any change to the pricing for the 2019/20 campaign will likely be announced in late May. In the current campaign, ginners report 98 percent of the purchased cotton to date as first choice.

**Policy:**
In late 2018, the C4 (Benin, Burkina Faso, Chad and Mali) admitted Côte d'Ivoire as an observing member. In recent years, Côte d'Ivoire became Africa's fourth-largest producer behind only Benin, Burkina Faso, and Mali. With the Port of Abidjan's regional importance, particularly for countries of the Sahel, it also holds a prominent position in the overall West African cotton trade. Its role as observing member may afford greater involvement in regional and WTO matters, and the potential to benefit from future investments or assistance directed towards C4 countries.

GOCI set targets to increase its total seed cotton production to 500,000 and 600,000 MT, respectively, in MYs 2019/20 and 20/21 (approximately 987,000 to 1,185,000 bales of cotton fiber). During the previous campaign, GOCI implemented a zoning scheme, which allocates certain areas of the country to specific companies. One idea behind this approach is to incentivize those companies to make longer-term investments in their areas of influence, and thus promote the sector's overall health and growth.

Another feature of the current campaign was an effort to improve the provision of seed to producers. The sector's professional association, InterCoton, began pushing seed multiplication efforts through the three largest companies: COIC, Ivoire Coton, and SECO OLAM. Under its Agricultural Sector Support Project, the organization also launched three agricultural service delivery centers in the areas of

Korhogo, Boundiali, and Mankono, which encompasses some the country's greatest cotton production concentration. These centers also have mobile capabilities to reach the maximum number of producers as possible. The goal of these centers will be to facilitate input delivery to producers as well as access to mechanization.

Until the early 2000s, the Ivoirian cotton sector was controlled by the then-public CIDT. The sector subsequently underwent significant reorganization and privatization. While CIDT is still in operation, GOCI further privatized the company in 2017. CIDT accounted for an estimated 16 percent of national production in 2018/19. The CCA acts as the industry's regulatory body for issues such as pricing. InterCoton is the sector's interprofessional organization that coordinates activities between all actors, and is also involved with pricing, as well as classification, tracking, and research.

**Production, Supply and Distribution Table:**

| Cotton | 2017/2018 | | 2018/2019 | | 2019/2020 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Aug 2017 | | Aug 2018 | | Aug 2019 | |
| Cote d'Ivoire | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Planted** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Area Harvested** | 366 | 327 | 370 | 392 | 0 | 410 |
| **Beginning Stocks** | 92 | 92 | 237 | 225 | 0 | 290 |
| **Production** | 785 | 805 | 800 | 875 | 0 | 925 |
| **Imports** | 0 | 0 | 0 | 0 | 0 | 0 |
| **MY Imports from U.S.** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Supply** | 877 | 897 | 1037 | 1100 | 0 | 1215 |
| **Exports** | 620 | 622 | 750 | 750 | 0 | 875 |
| **Use** | 20 | 50 | 25 | 60 | 0 | 60 |
| **Loss** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Dom. Cons.** | 20 | 50 | 25 | 60 | 0 | 60 |
| **Ending Stocks** | 237 | 225 | 262 | 290 | 0 | 280 |
| **Total Distribution** | 877 | 897 | 1037 | 1100 | 0 | 1215 |
| **Stock to Use %** | 37.03 | 33.48 | 33.81 | 35.8 | 0 | 29.95 |
| **Yield** | 467 | 536 | 471 | 486 | 0 | 491 |
| | | | | | | |
| (1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA) | | | | | | |